F.C. 52

ESTIMATES COMMITTEE

Eighth Report

1953-54

DAMODAR VALLEY CORPORATION

LOK SABHA SECRETARIAT

NEW DELHI

May, 1954.

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Members of the Estimates Committee, 1953-54

Shri M. Ananthasayanam Ayyangar. *(Chairman)*

2. Shri Sarangadhar Das.
3. Shri Radhelal Vyas.
4. Shri Debeswar Sarmah.
5. Shri Nityanand Kanungo.
6. Pandit Balkrishna Sharma.
7. Shri Shivram Rango Rane.
8. Shri V. B. Gandhi.
9. Shri Upendranath Barman.
10. Shri R. Venkataraman.
11. Shri Balvantray Gopaljee Mehta.
12. Dr. Syed Mahmud.
13. Pandit Thakur Das Bhargava.
14. Shri C. P. Mathew.
15. Shri U. Srinivasa Malliah.
16. Shri Rayasam Seshagiri Rao.
17. Shri Ahmed Mohiuddin.
18. Shri Girraj Saran Singh
19. Dr. Suresh Chandra.
20. Shri Mohanlal Saksena.
21. Dr. Lanka Sundaram.
22. Shri Kadyala Gopala Rao.
23. Shri V. Muniswamy Avl. Thirukuralar.
24. Shri P.N. Rajabhoj.
25. Sardar Lal Singh.

SECRETARIAT

Shri M.N. Kaul - Secretary.

Shri S.L. Shakdher - *Joint Secretary.*

Shri M. Sundar Raj - *Deputy Secretary.*

Introduction

I, THE Chairman of the Estimates Committee having been authorised by the Committee to present the report on their behalf present this Eighth Report on the Damodar Valley Corporation.

2. At their meeting held on the 21st April, 1954, the Committee appointed a sub-Committee consisting of the following Members to examine the Report of the Damodar Valley Corporation Enquiry Committee (1952-53), hereinafter referred to as the Rau Committee, which was appointed by the Government of India on the 20th September, 1952 in pursuance of the recommendations of the Estimates Committee relating to the Damodar Valley Project made in their Fifth Report:—

1. Shri Balvantray Gopaljee Mehta — *Chairman.*
2. Dr. Suresh Chandra
3. Shri Upendranath Barman
4. Shri Sarangadhar Das — *Members.*
5. Dr. Lanka Sundaram
6. Shri Ahmed Mohiuddin
7. Shri Radhelal Vyas.

3. The sub-Committee met on the 22nd, 23rd and 29th April, 1954 and examined the Rau Committee Report and the decision taken tentatively by the Government of India thereon *vis-a-vis* the Fifth Report of the Estimates Committee. The Estimates Committee considered the conclusions arrived at by the sub-Committee at their meetings held on the 30th April, 1st and 3rd May, 1954. The recommendations of the Committee on the various points arising out of the Rau Committee Report are set out in this Report.

4. The Committee observe that the Rau Committee on examination have found that a majority of the recommendationscontained

in the Fifth Report of the Estimates Committee are workable and in regard to others where the Rau Committee have expressed a different view-point or have come to a different conclusion, the Committee have no comments to make except on those matters which are contained in this Report.

II

Premature Publication of some of the Contents of the Rau Committee Report in the Press

5. The Fifth Report of the Committee was presented to the House on the 5th March, 1952. This Report dealt with the Central Water and Power Commission and Multi-purpose River Valley Schemes. A large number of recommendations were made, some of which were applicable generally to all the River Valley Schemes and some in particular to the Damodar Valley Project. In regard to some matters, the Committee had suggested that Government should appoint a Committee to investigate them thoroughly and submit their report to the Estimates Committee for their consideration.

6. On the 20th September, 1952, the Government of India decided to appoint a Committee consisting of Sarvashri P.S. Rau, V.D. Dantyagi, S.B. Capoor*, G.R. Garg and B.D. Nanda, Member-Secretary, with the following terms of reference:-

(i) Land reclamation and rehabilitation works undertaken by the Damodar Valley Corporation.

(ii) The changes in the design and construction features of the Konar and Tilaiya Dams; the award of contracts and the rates for various items of works.

(iii) The planning and purchase of stores and equipment for works on Damodar Valley Corporation and the procedure therefor.

¢ (iv) The appointment of a Chief Engineer for the Damodar Valley Corporation.

(v) The adequacy of the Damodar Valley Corporation Act, 1948, and the organisational set-up of the Corporation.

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* Replaced by Shri B.N. Lokur with effect from the 30th Oct., 1952.

¢ Subsequently added, *vide* Ministry of Irrigation and Power Resolution No. 30(1) Adm./52, dated the 20th January, 1953.

7. The Rau Committee made a Report to the Government on the 3rd June, 1953. Soon after the Report was submitted to Government, comments appeared in the Press about some of the contents of the Report. A cutting from the issue of *'The Times of India'*, Delhi dated the 14th July, 1953 is at Appendix I. Immediately after this Report appeared in the Press, the Estimates Committee requested the Ministry of Irrigation and Power to make available to the Committee copies of the Rau Committee Report for perusal. The Report was made available to the Committee on the 2nd April, 1954.

8. On the 2nd April, 1954, an item appeared in the List of Business of the House that Government proposed to lay on the Table of the House the Rau Committee Report together with the decision taken thereon by the Government. The Deputy Speaker, who is also the Chairman of the Estimates Committee, informed the Minister of Irrigation and Power that the correct procedure was that the Report and the tentative decisions of the Government should be placed before the Estimates Committee for their consideration and thereafter the documents might be laid on the Table of the House. The Minister agreed to this course. The Committee wish to point out here that there is a directive of the Speaker whereby it has been enjoined upon the Ministries to place before a Financial Committee of Parliament any reports, conclusions and decisions relevant to the recommendations of the Committee, before they are presented to the House in order that the Committee might have an opportunity of examining the matter further and give their views to the House which would in that case have a complete picture of the whole matter.

9. Soon after the Rau Committee Report was made available to the Committee, a further reference to the contents thereof was made in the Press. In this connection attention is invited to the

news item and the editorial in *'The Statesman'*, New Delhi, dated the 13th and 14th April, 1954, respectively (Appendix II).

It will be observed that the Press Report gave prominence to the points of disagreement between the Estimates Committee and the Rau Committee. It also appeared that some Members of Parliament had been supplied with copies of the Rau Committee Report as references therefrom were cited during the course of the debate on the Demands for Grants relating to the Ministry of Irrigation and Power. Relevant extracts from the Debates of the House of the People dated the 6th April, 1954 are contained in Appendix III.

10. The Committee observe that it is not clear as to how the contents of the Rau Committee Report leaked to the Press, when the Report itself was treated as Confidential from the Estimates Committee. The Committee would like to know whether any enquiry into the apparent leakage was instituted by Government and, if so, with what results. If this has not already been done, the Committee would suggest that the matter should be looked into and the responsibility for the unauthorised publication of the Report fixed and adequate steps taken to ensure that this does not happen again.

11. The Fifth Report of the Estimates Committee was presented on the 5th March, 1952. The Rau Committee which was appointed on the 20th September, 1952 to examine some of the recommendations took nine months to report. The Committee consider that the value of the recommendations of the Estimates Committee is lost if such inordinate delays are allowed to take place before the recommendations are implemented. Furthermore in a scheme like the Damodar Valley Project, it is of the utmost importance that recommendations should have been examined and implemented with the least possible delay as the time factor is of

vital importance if the Project has to be completed successfully in the shortest possible time and with the minimum cost. The Committee feel that theRau Co nmittee have shown lack of appreciati on in regard to the urgency and importance of the timely examination of their recommendations.

12. The Committee would also like to know why it was thought fit to hold back the Rau Committee Report from the Estimates Committee for nearly ten months especially when the Rau Committee was appointed as a result of the recommendations of the Estimates Committee and not to give them an opportunity to look into it immediately so that decisions could be expedited.

III

Resettlement Colonies

13. In para 28 of the Fifth Report, the Estimates Committee have stated as under:-

> "The Committee examined carefully the work done by the Rehabilitation and Development Department and also studied it on the spot when they paid a visit to the works. This Department was established as a result of a decision that those persons who were displaced in consequence of the operation of the scheme should be provided land for land and house for house. The Committee are unable to understand why it was thought necessary to entrust the work to the Corporation whose hands were already full with other work connected with the construction of dams, etc. It could have

easily been handed over to the State Governments concerned who had the necessary machinery for reclamation of land and distributing to the affected persons. Even if it is agreed that the Corporation itself should do it, it is highly debatable that they have done it efficiently and economically. The Committee have reasons to believe that this Department is over-staffed, the salaries are incommensurate with the nature of work performed by the various officers and staff and the responsibilities entrusted to them. The quality of work so far done is far below the ordinary standards of efficiency. It was the experience of the Committee that the houses that had been constructed for the displaced persons had given way before they had been occupied by the persons concerned. The Committee are not satisfied that there is an absolute necessity for this organisation and that the work done by them is such as to justify its continuance under the D.V.C. The Committee, therefore, recommend that a Committee should be appointed to investigate the work done by this organisation and whether it was commensurate with the money spent and whether the work should more properly be entrusted to the State Governments. The findings of the proposed Committee should be placed before the Estimates Committee".

In para 15, Chapter III of the Rau Committee Report it is stated as follows:-

"* * * *

We visited Bacchai and Gauria Karma, two of the villa-

ges built by the Corporation for displaced persons, and inspected the houses. So far as we could ascertain, none of the houses built by the Corporation had given way. The roofs, however, had sagged in some cases, partly because the timber used in the earlier stages was undersized, and had not apparently been properly treated. This defect was being rectified. We were also informed that some walls of the houses at Singhrawan village were damaged by the early rains, while still under construction and the contractor had to make good the damage".

"As a result of the inspections made by us, however, we found that although the rates paid for the principal items of work, like roofing, doors and windows called for good quality of work, lower standards had been accepted. We, therefore, agree with the Estimates Committee that the work done is not fully commensurate with the money spent. This is the more surprising as the work was under the supervision of an officer of the rank of Executive Engineer".

The Committee are surprised to note that the Rau Committee while substantially agreeing with all the observations of the Estimates Committee made in this behalf should have quibbled on the expression "given way" and minimized the effect of the observations of the Estimates Committee and their own conclusion in the matter. The Rau Committee should have, on the other hand, suggested stricter and more serious action to be taken in this case.

The Committee, however, presumed that Government have taken necessary action to fix responsibility for bad workmanship, use of inferior material, lack of supervision in the construction of houses. If not, this should be done immediately.

IV

Utilisation of Government Agencies for Purchase

14. In para 59 of the Fifth Report, the Estimates Committee have stated as follows:-

> "..... some machinery should be devised whereby there is complete liaison between the Purchase Missions and the DVC so that their requirements are supplied in time."

In Chapter VI, paragraphs 12, 13 and 18 of their Report, the Rau Committee have stated that:

> " * * * *
>
> the Corporation have on the whole, tried to follow the agreement *made with the D.G.S. & D. in May, 1950 regarding the utilisation of that organisation* * *" *(Para 12)*.
>
> " * * * * *
>
> The total purchases through D.G.I. & S. (now D.G.S. & D.) amount to Rs. 167.4 lakhs or about 9 per cent. of the total." *(Para 13)*.
>
> " * * * * *
>
> It would not be proper to compel the Corporation to make all its purchases through D.G.S. & D.

> At the same time, we feel that it should be advantageous to the Corporation to enforce more strictly the procedure already laid down to ensure that requirements are foreseen by the indenting Officers as far as possible. If this is done, it should be possible for the Corporation to utilise the agency of the D.G.S. & D. to a greater extent than is being done at present * * * ." *(Para 18).*

The Committee are of the view that the Rau Committee should have come to definite conclusions - whether the purchases by the Damodar Valley Corporation should be made through the Directorate General, Supplies and Disposals or direct. In the latter case, they should have also specified in definite terms what kind of purchases the Corporation should make direct. The Rau Committee were charged with the responsibility of making specific recommendations and not stating propositions generally. The impression created by the Rau Committee is that the Damodar Valley Corporation do not assess their requirements in advance and so the agency of the D.G.S. & D. is not utilised fully. That being so, the Committee feel that the Corporation should be asked to plan their requirements of stores and supplied in advance to determine which of them should be purchased through the D.G.S. & D. At present, there does not appear to be any hard and fast rule about the matter and this evidently causes confusion and delay and non-observance of the correct procedure.

The Committee reaffirm their earlier decision set forth in para. 59 of the Fifth Report that the agency of the D.G.S. & D. should be used for making all purchases, except in cases of proved urgency and normal delegation of power in this respect.

V

Consultants as Contractors for Supplying Stores or as Agents for Inspection

15. In para. 61 of the Fifth Report, the Estimates Committee have stated as follows:—

> "A practice has developed whereby the Corporation have employed some of their Consultants as contractors for the execution of work or for the supply of stores or even used them as an agency for inspection of stores supplied by some other firm. This in the opinion of the Committee is undesirable. It is unsound to entrust the work of designing a project and construction to the same agency.
> * * *".

The Rau Committee in para. 30, Chapter VI of their Report state as follows:—

> "* * * * *
>
> Although, therefore, the criticism of the Estimates Committee is factually correct....., we are not inclined to take too serious a view of this departure from principle. We are content to allow it to rest at that".

The Committee feel that there should be no departure from the wholesome practice suggested by the Estimates Committee in para. 61 of their Fifth Report that Consultants should not be employed as Contractors or Inspectors. The Committee are not inclined to condone the irregular and improper action that has been committed in appointing the Consultants as Contractors. They, therefore, think that if any decision contrary to their recommendation has been taken by the Government, that should be revised.

VI

Appointment of Chief Engineer

16. Para 47 of the Fifth Report of the Estimates Committee reads as follows:-

> "The Committee noted with surprise that till recently the Corporation did not think it necessary that there should be a Chief Engineer in over all control of the project as a whole. They also noted with regret that whereas the Government of India had appointed one Chief Engineer on the 23rd March, 1948, the Damodar Valley Corporation soon after it came into being in July, 1949 decided to dispense with his services, as they were doubtful whether it was at all necessary to have one Chief Engineer in over-all control of the project."

In para. 49 of the Fifth Report of the Estimates Committee it is stated:—

> "It was an unwise act to dispense with the services of a Chief Engineer who was already in position on the plea that none was required....."

In para. 48(a) of Chapter VII of the Rau Committee Report it is said:—

> "* * * thus both the statements are incorrect, *viz.* that the Corporation dispensed with the services of the Chief Engineer and that they did not think that one was necessary. These statements were first made by the WMP Secretariat in the memorandum to the Cabinet Committee, repeated by them in their factual note and accepted by the Estimates Committee."

In the summary at page 140 of the Rau Committee Report it has been stated as follows:—

> "It is incorrect to say, as the Estimates Committee say, that the Corporation dispensed with the services of a Chief Engineer approved by Government before the formation of the Corporation." *(S. No. 56 of Chapter XI).*

The Committee have examined this matter carefully and have verified that the statement in the Report of the Estimates Committee referred to above was contained in a 'Factual Note on the Damodar Valley Corporation' submitted by the late Ministry of Works, Mines and Power to the Estimates Committee with their U.O. No. DW10, dated the 27th November, 1950. It is also observed that a copy of this 'Factual Note' was submitted to the Ministry of Finance. The Committee reproduce below an extract from paragraph 35 of the 'Factual Note':—

> "The Government of India had appointed Shri M.P. Mathrani, I.S.E., lately Chief Engineer, Sind to the post of Chief Engineer of the Damodar Valley Project on 23rd March, 1948, subject to his continuance in office as Chief Engineer beyond 23rd September, 1948 being approved by the Damodar Valley Corporation. The Damodar Valley Corporation was subsequently constituted on the 7th July, 1948, and decided to dispense with the services of Shri Mathrani on the 23rd September, 1948, presumably because they were then doubtful whether it was at all necessary to have one Chief Engineer in over-all charge of the project."

It will be observed that the Estimates Committee stated no more than what was contained in the 'Factual Note'. The Rau Committee have admitted that the 'Factual Note' was submitted

by the then Ministry of Works, Mines and Power to a Committee of the Cabinet and later on to the Estimates Committee. The fact that the Chief Engineer was not appointed for a considerable period of time is not denied. All that the Rau Committee have stated is that a search was going on. This was pleaded before the Estimates Committee also; but what the Committee then observed was that such a big project had been started or allowed to be continued without there being a Chief Engineer in over all control of it. There is no examination of this matter in the Rau Committee Report. The Estimates Committee wished to point out that projects and schemes were started without the technical personnel—at least the key men—being in position; and what the Corporation did later on—*viz.*, to bring an expert from America, they could have done that as soon as the Corporation started functioning, if not before the project was started.

17. The Committee feel that the observations of the Rau Committee are uncalled for. It is obvious that the Rau Committee were aware of the 'Factual Note' which was supplied to the Committee by the then Ministry of Works, Mines & Power and if the Rau Committee wanted to blame any one, it should have been the Government. On the other hand, they seem to have gone out of their way to cast unnecessary aspersions on the Committee which from their own Report are not warranted by facts. The Committee feel that these remarks should be deemed to have been expunged from the Report of the Rau Committee.

18. The Committee also consider that if, as reported by the Rau Committee, it is accepted by the Ministry of Irrigation and Power that the late Ministry of Works, Mines and Power had made a wrong statement first to the Cabinet Committee and then to the Estimates Committee, the responsibility should be properly fixed and adequate action taken against the persons who were responsible for making such wrong statements. It is obvious that

the Committee depend upon facts supplied by the Ministry in coming to conclusions and, if these facts are later on challenged, the Ministry must take the responsibility for them. The Committee also wish to point out that if wrong facts are submitted to the Cabinet or its Committees, it is obvious that policies which are evolved will be based on incorrect data and thereby they may cause damage to the objective or purpose for which they are laid down. The Committee consider that Government should investigate this matter thoroughly and take proper disciplinary action against the persons who are responsible for making wrong statements and for supplying incorrect facts.

VII

Appointment of under-study to the Chief Engineer

19. In para. 51 of the Fifth Report of the Estimates Committee, it is stated as follows:—

> "* * It is, therefore, essential that in order that after his term of appointment concludes a responsible Indian Engineer may take over from him * * *"

The Rau Committee in para. 49, Chapter VII of their Report have stated that

> "We feel that the choice of under-study should be left to the Corporation and that it should be on an all-India basis."

The Committee do not see any justification for referring this recommendation for examination by the Rau Committee. The value of the recommendation lay in its quick implementation. If the Government had taken steps to implement this part of the Report quickly, an Indian Engineer would have by now gained

sufficient experience of the various aspects of the technical and administrative details connected with the project. Valuable time has been lost and by the time the recommendation is implemented, the Damodar Valley Project itself may have been completed or reached near completion. The need of foreign experts in managing our projects will thus continue.

20. The Estimates Committee in para. 112 of their Fifth Report have recommended that an Indian should invariably be put as an under-study to a foreign expert to take over from him in due course.

The Rau Committee in para. 23, Chapter IX of their Report have stated as follows:-

> "* * * In our opinion this should be done not invariably but wherever practicable."

The Committee do not see why this should not be done invariably and there is no point in leaving the choice to the Corporation or to some subordinate authority in the matter. India has embarked on a large development programme and it is necessary that as many men as are technically qualified are available to undertake in due course the construction of large works. Unless competent persons are given an opportunity to learn now, we will always remain deficient in technical man power and dependent upon foreign advice. The Committee, therefore, feel a competent under-study to a foreign expert should always be appointed.

The Committee should like to know the action taken by the Government to implement the recommendation made by the Estimates Committee in para. 112 of their Fifth Report.

VIII

Set-up of the Corporation

21. In paras. 44 and 46 of the Fifth Report, the Estimates Committee have stated as follows:-

"44. It was stated before the Committee that although the D.V.C. was patterned on the model of the T.V.A., none of its essential features had been incorporated in the Corporation. The only similarity between the two is that they are autonomous in character. Like the T.V.A., the D.V.C. is administered by a Board consisting of a Chairman and two members. The Chairman of the Corporation is a member of the Civil Service lent to the Corporation by the Government of India. Of the two members, one is a legislator and the other a food technologist. One should have expected specialist engineers or financial experts on the Board but instead there are non-technical persons who have to be guided in their decisions by the advice given to them by their subordinate technical staff. * * * . The D.V.C. has followed the form but lost the spirit.

* * * *

46. The Committee feel that the present administrative and financial set-up of the Corporation is most imperfect, illogical and open to criticism. It is unfortunate that the set-up of the Corporation was not conceived in the manner in which it ought to be. In a Corporation of this character the Engineer and the Financial Expert should be so knit together that they have an authoritative voice in the framing of decisions on behalf of the Corporation. It would have been more appropriate and conducive to efficiency if the Corporation consisted of a qualified engineer, a financial

expert besides an administrator. The position of the Financial Adviser or the Engineer who are the main props, has been relegated to the background and there are no means whereby it can be ensured that their advice is a determining factor in the decisions of the Corporation. One of the serious drawbacks in the set-up of the Corporation according to the Committee is the absence of an engineer and a financial expert on the Board of the Corporation. The Committee strongly recommend the reconstitution of the Board in accordance with the recommendations made in Chapter VII".

The Rau Committee in para. 35, Chapter VIII of their Report, state as follows:—

"It seems to us inappropriate to lay down by statute that one member shall be an administrator, another an engineer and a third a financial expert. * * "

In para. 39 of Chapter VIII, the Rau Committee state as below:—

"The Estimates Committee, in paragraph 105 of their report, recommend what may be termed a functional body as opposed to a policy making one. In every country there are champions of both types of organisation, and, in fact, a plausible case could be made for either."

22. It appears to the Committee that the Rau Committee have gone into an academic discussion of this issue. The point was: What in the circumstances should be a proper set-up for the D.V.C. in order that the execution of the project might be completed economically and without delay? There appears to be some confusion in the presentation of facts by the Rau Committee. The policy

whether a river valley scheme has to be undertaken and if so, at what cost and on what technical data, has to be determined by the Government of India. Once this policy decision is taken, all that remains to be done is that the scheme has to be executed in accordance with the decisions taken by the Government. The latter alone is the business of the D.V.C. The Government of India have sanctioned the scheme on certain lines and the D.V.C. have to proceed with the execution of the scheme in terms of that policy. Therefore, the function of the Corporation is in regard to the execution of the scheme and the Estimates Committee suggested the set-up suitable for the efficient and economic working of the project. The set-up proposed by the Estimates Committee would, of course, be responsible both for the day to day administration as well as the policies within the campass of the general lines on which the scheme has been sanctioned. Thus the intention of the Estimates Committee was that the D.V.C. Board should act as a 'functional body' within the framework of the general policy laid down by the Government of India for the execution of the Project. The Committee reiterate that the recommendations of the Estimates Committee are sound in theory and practice and should be implemented.

23. It may be stated in this connection that two Members of the Committee who recently visited the Damodar Valley had discussion with responsible Officers there and during the course of their discussions with them gathered that due to lack of representation of the engineering and financial authorities on the Board, certain decisions were delayed and that there was no proper comprehension of the issues involved. Such a Board which included representatives of Engineers and Finance would be an improvement inasmuch as decisions would be taken quickly and with a better background and understanding.

The Committee also do not see why it is inappropriate to lay down by Statute the composition of the Board. Whenever necessary, the Statutes do prescribe the composition of Boards. In any case, even if the composition is not specifically laid down by Statute, there should be no difficulty in implementing it by executive orders.

IX

Appointment of Foreigners

24. In para. 112 of their Fifth Report, the Estimates Committee have stated as follows :—

> "Whenever non-Indians have to be appointed to any post for any reason whatsoever the appointment must be made only after full facts justifying such appointments have been brought to the notice of Central Government and their approval obtained.
>
> * * * "

The Committee are glad that the Government have accepted the recommendation and would be glad to know whether they have already issued directions under Section 48 of the D.V.C. Act.

X

Appointment of Staff

25. The Estimates Committee in para. 110 of their First Report have stated that 'key appointments to be specified by the Central Government should be made after their approval'.

The Rau Committee in para. 32, Chapter IX of their Report have stated that "such a procedure is unnecessary and would

create impediments and delays".

The Committee do not see how appointments to a few posts, which may be specified by Government in agreement with the Corporation, if made in consultation with the Government will lead to delays and impediments. After all, both the Government and the Corporation have the same purpose in view since the key appointments will be fewer in number, it should not be difficult to follow the procedure recommended by the Estimates Committee.

XI

Parliamentary Control

26. In para. 126 of their Fifth Report, the Estimates Committee observed as follows:—

> "There should be specific machinery for ensuring full Parliamentary control over the various schemes. For this purpose as soon as any scheme has been sanctioned all the plans relating thereto should be laid before Parliament. An explanatory memorandum showing the nature of the scheme, the cost involved, the organisation proposed to undertake the work and other allied matters should also be presented to Parliament along with the plans. Whenever changes in the plans or estimates are required to be made, specific approval of Parliament should be obtained. For this purpose, the mere placing of the papers on the Table of the House is not sufficient. A positive motion seeking the approval of Parliament should be brought before it. Every year some time should be set apart in Parliament for the discussion of the progress of work and other allied matters concerning the projects. Before the matter is brought before

Parliament or whenever changes are made in the estimates or plans a reference must first be made to the Estimates Committee who will examine the matter on behalf of Parliament and give guidance to the House."

The Rau Committee in para. 24, Chapter VIII of their Report, state as follows:—

"* * * *

We are unable to agree in these suggestions in so far as statutory Corporations are concerned, as they would have the effect of placing them in a position worse than that of Government departments."

The Government have stated that the matter is under their further consideration in consultation with participating Governments as resolved at the Inter-State Conference.

27. It is necessary to analyse the recommendation of the Estimates Committee in order to appreciate what is wanted. Broadly speaking, the Estimates Committee made two points —

(i) that Parliament and its Committee should have unlimited right of asking for information regarding the details of the scheme which is proposed to be undertaken, the progress of the work, estimates and cost and with regard to any important changes made in the plans or designs or estimates; and

(ii) the House or its Committees should control the policies generally or changes made in such policies with regard to State Undertakings.

As regards the first point, the Committee endorse the suggestion of the Estimates Committee that complete information

should be given to Parliament and its Committees. The Committee in this connection wish to point out that the latest report of the D.V.C. which is available to them pertains to the year 1951-52. This shows how important it is that there should be an obligation on all State Undertakings to furnish Parliament with up-to-date and complete information in time so that Parliament and the public are not in the dark as to the current progress of work and other allied matters.

In regard to the second point, the Committee are of the opinion that this matter should be referred to the Speaker for his consideration. It is a matter of fundamental importance and requires careful consideration and the Speaker should consider it as a matter of policy with regard to control by Parliament on the lines on which he has been considering other important matters such as, petitions, assurances given by Government, rule-making power of Government, etc.

The Committee also wish to draw attention to the recent debate in the House on Parliamentary control over State Undertakings and the assurances given by the Finance Minister in regard thereto. The whole matter will, therefore, have to be examined by the Speaker in all its aspects and a clear policy laid down.

XII

Headquarters of the D.V.C.

28. In para. 58 of their Fifth Report, the Estimates Committee have stated:—

"The Committee do not see any justification for continuing to keep the Headquarters Office at Calcutta and not locating it where the construction is going on."

The Rau Committee in para. 38, Chapter IX of their Report state that:—

"* * * *

We agree with the Estimates Committee that the headquarters should shift to a central place in the valley as early as circumstances permit. We consider Maithon the most suitable. * * * *."

The Government have stated that this should be left to the Corporation entirely without any political consideration attached to it. The Committee feel that this recommendation should have been implemented immediately. Two members of the Committee who recently visited the works were convinced that such a course was imperatively necessary, if the works had to be carried on efficiently and economically. Immediate effect should be given to this recommendation of the Committee. The Committee regret to note that much delay as been allowed to take place in the implementation of this recommendation.

XIII

Recommendations which have not yet been considered

29. The Committee also find that there are one or two other matters viz., Cost of Production of Power, Budget Overhead charges, Bokaro Thermal Station, Financial Forecast and maintenance of Stock Registers dealt with in paras. 36, 38, 40(i), 55 and 135, respectively of the Fifth Report of the Estimates Committee

on which the Committee had asked that Government should appoint Committees or investigate them for further consideration. The Committee would like to know what action Government have taken on these recommendations and why they have not been examined so far.

M. ANANTHASAYANAM AYYANGAR,
Chairman,
ESTIMATES COMMITTEE.

NEW DELHI;

The 21st May, 1954.

XIV

Statement showing the summary of the Conclusions/Recommendations of the Estimates Committee relating to the Damodar Valley Corporation.

Sl. No.	Reference to Para. No. in the Report	Summary of Conclusions/Recommendations
1	10	The Committee would like to know whether any enquiry into the apparent leakage of the contents of the Rau Committee Report in the Press was instituted by Government and, if so, with what results. If this has not already been done, the matter should be looked into and the responsibility for the unauthorised publication of the Report fixed and adequate steps taken to ensure that this does not happen again.
2	11	The value of the recommendations of the Estimates Committee is lost if inordinate delays are allowed to take place before the recommendations are implemented. The Committee feel that the Ministry of Irrigation and Power have shown lack of appreciation in regard to the urgency and importance of the timely implementation of the recommendations by embarking upon a complicated procedure for their examination and then in not calling for the Report of the Rau Committee urgently and taking a decision thereon with the least possible delay.
3	12	The Committee would like to know why it was thought fit to hold back the Rau Committee Report from the Estimates Committee especially when the Rau Committee was appointed as a result of the recommendations of the Estimates Committee.
4	13	The Committee are surprised to note that the Rau Committee while substantially agreeing with all the observations of the Estimates Committee made in

Sl. No.	Reference to Para. No. in the Report.	Summary of Conclusions/Recommendations
		this behalf should have quibbled on the expression 'given way' and minimized the effect of the observations of the Estimates Committee and their own conclusions in the matter. The Rau Committee should have, on the other hand, suggested stricter and more serious action to be taken in this case.
		The Committee presume that Government have taken necessaryaction to fix responsibility for bad workmanship, use of inferior materials etc. in the construction of houses. If not, this should be done immediately.
5	14	The Corporation should be asked to plan their requirements of stores and supplies in advance to determine which of them should be purchased through the Director-General, Supplies & Disposals.
		The Committee reaffirm their earlier decision made in para. 59 of the Fifth Report that the agency of the D.G., S. & D., should be used for making all purchases, except in the case of proved urgency and normal delegation of powers in this respect.
6	15	The Committee feel that there should be no departure from the wholesome practice suggested by them in para. 61 of their Fifth Report that Consultants should not be appointed as Contractors or as Inspectors of stores. If any decision contrary to their recommendation has been taken by Government, that should be revised.
7.	17	The observations of the Rau Committee with regard to the recommendations of the Estimates Committee on the appointment of Chief Engineer are uncalled for. These remarks should be deemed to have been

Sl. No.	Reference to Para. No. in the Report.	Summary of Conclusions/Recommendations
		expunged from the Report of the Rau Committee.
8	18	Government should investigate thoroughly into the matter of supply of incorrect information by the late Ministry of Works, Mines and Power to the Committee of the Cabinet and to the Estimates Committee with regard to the appointment of Chief Engineer for the Damodar Valley Project and take proper disciplinary action against the persons who were responsible for making wrong statements.
9	19	If the Government had taken steps to implement the recommendations of the Estimates Committee to appoint an under-study to the Chief Engineer quickly, an Indian Engineer, would have by now gained sufficient experience of the various aspects of the technical and administrative details connected with the Project. A competent under study to a foreign expert should always be appointed.
10	20	The Committee would like to know the action taken by the Government to implement the recommendation made in para. 112 of the Fifth Report of the Estimates Committee.
11	22	The Committee reiterate that the recommendations made by them in paragraphs 44 and 46 of the Fifth Report regarding the set up of the Corporation are sound in theory and practice and should be implemented.
12	23	The Committee do not see why it is inappropriate to lay down by Statute the composition of the D.V.C. Board. Wherever necessary, the Statutes do prescribe the composition of Boards. In any case, even if the composition is not specifically laid down by a Statute, there should be no difficulty in implementing it by executive orders.

Sl. No.	Reference to Para No. in the Report	Summary of Conclusions/Recommendations
13	24	The Committee would be glad to know whether the Government have already issued directions under Section 48 of the D.V.C. Act, 1948 with regard to the appointment of non-Indians.
14	25	Key appointments to specified posts should be made after the approval of the Central Government.
15	27	Complete information in regard to the working of the D.V.C. should be given to Parliament and its Committees.
16	28	The Committee regret to note that much delay has been allowed to take place in the implementation of the recommendations regarding the shifting of the Headquarters of the D.V.C. from Calcutta to the works itself.
17	29	The Committee would like to know what action Government have taken on the recommendations made by the Estimates Committee in paragraphs 36, 38, 40(i), 55 and 135 of the Fifth Report and why they have not been examined so far.

APPENDIX I

Press cutting from the 'Times of India', Delhi, dated the 14th July, 1953.

The Rau Committee, which inquired into the affairs of the Damodar Valley Corporation, is understood to have reported that as a result of high charges for extracontractual work on the Konar Dam the Corporation is liable to overpay to the extent of Rs. 175 lakhs.

Following complaints both in Parliament and outside about the working of the Corporation last year, the Government of India deputed Mr. P.S. Rau, I.C.S., to inquire into the affairs of the Corporation and specially complaints about high rates of contracts.

Mr. Rau, who is now the Administrator of PEPSU, submitted his report to Government last month. In his report, Mr. Rau is understood to have said that some of the criticisms were justified specially in regard to the Rs. 9 crore Konar Dam. He is also understood to have been critical of the failure to appoint a Chief Engineer for the Corporation for the first three years of its life and the change in the design of the Tilaya Dam resulting in an increase in its cost by about one crore of rupees.

The design of the Tilaya Dam, it is stated, was changed from an earthen dam to a concrete construction long after the plans had been finalised and tenders had been invited.

As regards the Konar Dam, it is stated, that the Corporation agreed to pay additional amounts to certain items of work not included in the contract. These items, like clearing the jungles etc., it has been pointed out, should properly have been included in the contract itself. The rates agreed to for these items are also understood to be on the high side, rendering the Corporation liable to an excess payment to the extent of about Rs. 175 lakhs.

Mr. Rau is also reported to have made a number of other suggestions for changes in the Damodar Valley Corporation Act. Mr. Rau's report is now under the consideration of the Government which has asked for further particulars from the Corporation. It is understood that one of the points under consideration is how far, even in the absence of a Chief Engineer in the early stages, the high charges and payments could have been avoided in view of the fact that the Corporation had the services of a firm of Swiss consultants for the construction of the Konar Dam as also a number of Indian technical personnel at lower levels who were acquainted with Indian conditions and rates.

It is pointed out in this connection that the Corporation had engaged a firm of Swiss consultants for a fee of Rs. 18 lakhs to advise the Corporation on the Konar Dam and particularly for preparing designs, drawing up tender documents, selection of contractors, supervising construction and checking bills of contractors before payment. It is understood that one of the points on which information has been asked from the Corporation is how, even in the absence of a Chief Engineer with these arrangements for the construction of the dam, the high charges and responsibility for overpayments was agreed to.

In the meanwhile, pending decision, the Government has decided to have the affairs of the Corporation carried on for the present with a temporary Board. The terms of office of the previous Board member expired in July excepting that of Mr. Varma whose term expires in August. Mr. Varma is now officiating as Chairman with two other representatives of West Bengal and Bihar. The Government of India is understood to have informed the retiring members and the Secretary of the Corporation of their decision not to renew their terms.

APPENDIX II

(I)

Presscutting from the 'Statesman', New Delhi, dated the 13th April, 1954.

A good deal of mismanagement in the operations of D.V.C. leading to a loss of Rs. 1.64 crores in the Konar project alone, was the finding of the Damodar Valley Corporation Inquiry Committee presided over by Mr P S Rao, who is the chairman of the new D.V.C Board.

The results of the non-appointment of a Chief Engineer for two and a half years, said the Committee, were "writ large on the work of the Corporation—in expert advice and frequent changes of design, increase in costs, waste of public funds". The report added: "For the vacillation and indecision in appointing the Chief Engineer the Corporation is as a whole technically responsible but the personal responsibility of the Chairman in the matter is by no means negligible."

The Committee thought that in the absence of competent technical advice and a proper appreciation of the magnitude of the problem, it did not appear that the Corporation paid sufficient attention to planning of equipment in the early stages; overall planning was, however, made impossible owing to numerous changes in design and programme. The Committee found that though the Corporation took the Bermo seam of the Kargali colliery on a sub-lease in October, 1950, mining operations had not yet started. It could not be said that this part of the programme was well planned.

The Committee made strong criticism as regards the changes in the design and construction features of the Konar dam and remarked: "If the contract with the French firm, Societe de Construction des Batignolles, was a serious mistake, the appointment

of Messrs. Gruner Bros., a Swiss Firm, was a misfortune." The original design was prepared by Mr. Voorduin in 1946.

Later, the French firm was appointed to recast the design, and the Swiss firm, Messrs. Gruner Bros., was appointed as consulting engineers and Hind-Patel and Indian firm, as contractor. The design of the French firm was adopted by the Corporation as revised by M/s Gruner Bros.

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Gruner Bros., according to the Committee, made some major changes in the design. The Committee said: "It is not understood how these costly changes were suggested by accepted so soon after the Gruner Bros. had declared the SCB design(French firm) to be sound and economical". The Committee further added: "The engineers who had so stoutly opposed the combination of engineers of designing and construction revised their views suddenly and the Corporation, an equally strong advocated a separation, went back on its earlier considered decision".

The financial implications of the changes made by Gruner Bros. did not appear to have been brought to the notice of the Corporation either by their engineers or Gruner Bros. Some of the rates allowed to the contractor, Hind-Patel company, were high. The value of inadmissible claims allowed to the contractor was about Rs. 119 lakhs. The enhanced rates were agreed to at a meeting of the Corporation's engineers, Gruner Bros. and the contractors held in March, 1951 and the Committee think that they were all to blame for this excess payment.

The Committee had suggested scaling down of rates of important items, like mass concrete, rockfill, excavation, etc. What was more interesting was that less than a month after they

had signed their agreement the Hind-Patel Co., suggested a reversion to Mr. Voorduin's design on the ground of simplicity and ecomomy and the Corporation ultimately accepted the suggestion and reverted to the Voorduin design.

The Rao Committee had made important recommendations as regards the organizational set up of DVC. The Committee complained of "too much centralization" in the Corporation's method of administration and said: "While the Corporation should concern itself with policy matters and broad features of general administration, supervision and control, there should be generous delegation of power at all levels indicating both well-defined responsibility and adequate powers."

In the Committee's view a semi-autonomous corporation was the best method yet devised for executing multi-purpose projects efficiently and economically. A corporation should be created only when a project has been investigated in sufficient detail, and a fairly firm estimate has been sanctioned by the Government. While the Corporation should have power to execute the project, without outside interference, within the sanctioned project estimate, the Corporation should not have power to modify the scope of the project. That power should vest only in the Government. If the project estimate is likely to be substantially exceeded, the Corporation must obtain the Government's sanction. The report suggests that power should be taken by the Government to give directions "as to the exercise by the Corporation of its functions" somewhat on the lines of the Air Corporations Act.

The Committee was opposed to full parliamentary control over statutory Corporations in charge of river valley schemes because, it thought, such control would have the effect of placing them in a position worse than that of Government departments. It,

however, suggested that a formal provision be made in the Act enabling the Government to call for information.

The Committee has recommended that a high-ranking social worker with sound knowledge of economics who commands the confidence of the local population should assist in the development of the valley. The development of the valley is one of the most primary functions of the Corporation and includes multifarious activities. In the matter of development, the advice and assistance of advisory committees compo sed of local leaders should be sought and the cooperation of the State Governments, extension service and local authorities ensured.

(II)

Editorial from the 'Statesman', New Delhi, dated the 14th April, 1954.

AUTHORITY'S recent dealings with the Damodar Valley Corporation, which for almost a year have appeared very strange, begin to look alarming. The P.S. Rau Committee's report, though now at least a year old, remains unpublished, and the amazing vicissitudes suffered by the D.V.C.'s Board since July last are still entirely without official explanation. Meanwhile alleged contents of the report, quite possibly selective, trickle out in indirect ways; their nature is such as invites, and has aroused, immediate public concern. For instance, during the Parliamentary debate on the estimates for the Ministry of Irrigation and Power, a West Bengal member apparently cited the report, spoke of sums of which the D.V.C. had been cheated, and made the alleged findings a peg on which to hand an attack on civil servants who controlled

engineering projects. A few days later—and just at the time when Mr. P.S. Rau himself was assuming the chairmanship of the D.V.C. —another unofficial version of the report's contents emanated from New Delhi; it represented them as including serious allegations about the management of the Konar project, and about delay in appointing a Chief Engineer for which responsibility was fixed on the former Board and its Chairman Mr. S.C. Mozumdar.

The accuracy of such reports has not so far been officially confirmed or denied, but that has not prevented them from being widely taken at face value. This places all parties in a highly invidious position. If, for instance, the old Board was in fact responsible for the delay (which certainly occurred) in finding a Chief Engineer, it will rightly incur censure. But if, as there is some reason to believe, the major factor in the delay was that the then Ministry of Works, Mines and Power, though ready enough to sanction considerably greater sums for a comparable appointment at Bhakra-Nangal, persistently blocked the D.V.C.'s foreign exchange, even at the end having to be warned by the Indian Embassy in Washington that it might incur a suit for damages, that places a somewhat different complexion on the matter. Again, if there was avoidable waste at Konar, the public is entitled to know. But, in India's present inexperience, modification of projects is not uncommon (the D.V.C.'s board of technical consultants has just recommended some at Maithon and Panchet Hill); it is not unknown for costs to rise, and for contractors' estimates to include a heavy risk element to allow for possible rises, if financial authorities insist (as they do) on the contractor bearing it. What is needed to judge such questions is evidence—not simply conclusions, for even committees can err *(the Rau Committee itself is believed to have declared criticisms by the Parliamentary Estimates Committee to have been totally unfounded).*

Time was in India when such evidence, in the form of reports of public inquiries, was promptly presented, so that the public could form its independent judgment. Today it is regrettably more common for such documents to linger, for indefinite periods, in the "official use" category, while selective and possibly tendentious versions circulate in lieu. It may be that the Rau report was in the first instance withheld because Authority was alarmed over part of its contents and did not wish to cause public alarm; we do not think that a valid reason, and it has certainly ceased to be valid now, for the alarm already exists. The present position is clearly unfair to the old Board, especially to Mr. Mozumdar—who, we understand, long ago submitted detailed comments on the Rau Committee's findings, but which are also withheld. It is equally clearly unfair to the new Board. Least of all is it fair to the public, which has reason to believe that the last ten months' chaos may have been largely responsible for putting the whole of the rest of the project seriously behind Schedule, and seriously increasing its cost. It now seems the clear duty of the Ministry to publish forthwith both the Committee's findings and the Corporation's comments.

APPENDIX III

Extract from House of the People Debates (Part II), dated 6th April, 1954

"Shri Meghnad Saha (Calcutta North-West): Mr. Speaker, Sir, we have listened to a very interesting review of the progress of the river valley schemes from the hon. Minister of Irrigation and Power. I am sorry that he has not reviewed in detail the recommendations and findings of the Rau Committee. * * * The findings of the Rau Committee show that almost every one of the allegations which was made by the Opposition has been upheld.

With regard to the Damodar Valley Corporation it was pointed out that all the mismanagement was due to the non-appointment of the Chief Engineer. This has been upheld by the Rau Committee. The Committee has definitely come to the conclusion that for two years no progress could be made because there was no Chief Engineer. This finding has also been upheld by Government and the Chairman of the Corporation had to go and we have got a new Chairman. * * * I think it is given in the Rau Committee report that the appointment of the Chief Engineer was held up because there were no dollars available. * * * * *.

The Rau Committee has found that the Damodar Valley Corporation Act is quite sound in principle, provided you can find out the right type of personnel. The Committee found that the work of the two other river valley projects was formerly under the control of the Chairman of the CWINC. * * * * *.

The Konar project was to have cost Rs. 4 crores. But the cost has jumped up to Rs. 8 or 9 crores. In an interview that the hon. Minister gave me I put it to him why the cost has gone up. The Rau Committee has gone into the details of this matter and it

has found that the Damodar Valley Corporation has been cheated of Rs. 1 crore 64 lakhs. They have also mentioned the parties which were responsible for the cheating. They are the Swiss Company, the Gruner Brothers, the officers of the Corporation itself, the Executive Engineer whose business it is to go through the bills properly and check them and lastly the contractors. *

* * *.

I shall just read one passage from page 77 of the Rau Committee Report:

> "This enhanced rate was agreed to at a meeting of the Corporation's engineers, Gruner Brothers and the contractors, held on the 27th March, 1951. We consider they are all to blame."

Shri T.N. Singh (Banaras Distt.-East): Can he read from a confidential document, Sir?

The Minister of Planning and Irrigation and Power (Shri Nanda): We propose to lay copies of this Report on the Table of the House. The matter was placed on the agenda of the House two or three days ago. But on the advice of the Deputy-Speaker this was withheld. So till now, Sir, the House is not in possession of this document.

Mr. Speaker: How did the hon. Member get a copy?

Shri Nanda: We had taken it for granted that it would be placed on the Table of the House and in the ordinary course copies had been circulated with the instruction that there should be no publication before it is laid on the Table of the House.

Mr. Speaker: I think under the circumstances, if the hon.

Member is in possession of it lawfully, then he is entitled to refer to it. It was a mistake to have circulated the copies in anticipation of the Report being laid on the Table of the House. But if a mistake is committed, the consequences must be taken.

Shri Nanda: It was not circulated privately like that. It was issued* to the press in anticipation. But telegrams were sent and no press has published it.

Mr. Speaker: How did the hon. Member get the copy?

Shri Meghnad Saha: A copy was given to me. But I was never told . . . . . .

Mr. Speaker: By whom was the copy given?

Shri Meghnad Saha: I got the copy.

Mr. Speaker: But by whom was it given?

Shri Meghnad Saha: I think the hon. Minister can say that.

Shri Nanda: I will have to probe into the matter for that.

Shri T.N. Singh: How is it possible that the press should get a copy?

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* While replying to the Debate on the Demands for Grants relating to the Ministry of Irrigation and Power on the 7th April 1954, Shri Gulzari lal Nanda, Minister for Irrigation and Power stated as below:

* * * *

The hon. Member, Dr. Saha, referred to the D.V.C., Konar, the question of rates etc. The question of D.V.C. Report also arose. I have to clarify one point in this respect. I was under the impression that that report had been sent to the Press. That was the intention, but somehow or other, its being done in time was prevented, so that the copies did not go to the Press. * * * "

Mr. Speaker: I think it is the practice to give it in right time on condition that they do not publish it before the specified time. That is the usual practice.

Anyway, the hon. Member has got a copy, and I do not see how I can prevent him from referring to it. He has not got it by any underhand means.

Shri Nanda: If that is your feeling, Sir, he may proceed.

Shri S.V. Ramaswamy (Salem): There are two copies of the Report, one abridged and the other unabridged, both printed. Are both going to be placed on the Table of the House?

Mr. Speaker: That is a different issue. I am on the question whether the hon. Member can refer to the contents of the Report or not.

Shri Nanda: Other Members have not got it, and the House will not be in a position to judge on whatever is stated regarding the Report by the hon. Member opposite or by myself.

Shri Damodara Menon (Kozhikode): Then the remedy is to supply us with copies.

Mr. Speaker: That may be done later on. The only question was whether the hon. Member should be permitted to refer to a document which was not in the possession of the House.

Pandit Thakur Das Bhargava (Gurgaon): And which is not public, so far.

Mr. Speaker: There is a difference.

Shri Sarangadhar Das (Dhenkanal-West Cuttack): Yesterday or the day before, in reply to a question of mine, the Deputy Minister had said that this Repkrt and one other report would be submitted

to the Estimates Committee first and then they will be laid on the Table of the House.

Shri Nanda: Yes, that is the position.

Mr. Speaker: The problem before me is if he got a copy of the Report, as I believe, quite legitimately, then—it may be through some mistake, or some anticipation going wrong—I really do not know how I can prevent him from referring to its contents.

Shri Nanda: He is free to, Sir, if he thinks it is proper. Technically he is free to do so. But if he thinks that in view of the circumstances it may be deferred to another time, it may be helpful.

Mr. Speaker: I may suggest by way of compromise that he may base his arguments without practically reading the Report.

Shri Meghnad Saha: I bow to your decision, Sir.

Shri S.V. Ramaswamy: I found these two volumes, both abridged and unabridged, with another hon. Member whose name I need not mention. May I know whether both will be placed before the House,

Shri Nanda: The Estimates Committee has got copies of this Report, and several Members of Parliament have therefore got this.

Mr. Speaker: Whatever it may be, the hon. Member will base his arguments on it, if he likes, without referring to the Report.

Shri Meghnad Saha: I bow to your decision, and I shall not read any passages from the Report, But I can say everything from my own memory.

* * * *